

YEAR 2004

ANNUAL REPORT

OF THE

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PUBLIC SERVICE
COMMISSION

NAME Phantom Hills Water Company

LOCATION Missoula, Montana

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING December 31, 2004

GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities.
2. Interpret all accounting words or phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section or page which is not applicable to the respondent enter the words "Not Applicable or NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. This report should be filled out in duplicate and one copy returned within 2 1/2 months after the close of the reporting period. The report should be returned to:

Montana Public Service Commission
Utility Division
2701 Prospect Avenue
Helena, Montana 59620

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REPORT OF

Phantom Hills Water Company

(Exact Name of Utility)

PO BOX 16630

(Address)

Missoula, MT 59808

(City, State, Zip Code)

For Year Ended December 31, 2004

Date Utility First Organized 1-23-04

Telephone Number 406-523-1600

Location where books and records are located 500 Taylor and 101 International Way

Contracts:			
Name	Title	Principal Business Address	Salary
John H. Crowley Person to send correspondence:	Director	500 Taylor Street Missoula, MT 59808	\$0 XXXXXXX
Johnna Eisenmann Person who prepared this report:	RE Admin.	500 Taylor Street Missoula, MT 59808	\$0 XXXXXXX
Officers & Managers:			\$
			\$
			\$
			\$
			\$
			\$

Report every corporation or person owning interest or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
Dennis Washington	100%	101 International Way	\$ 0
			\$
			\$

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential	1213	0
Commercial	1343	0
Industrial	0	0
Other	0	0
Unmetered		
Residential	0	0
Commerical	0	0
Industrial	0	0
Fire Protection	2945	0
Bulk Sales	0	0
Sale of Materials	0	0
Other	0	0
TOTAL GROSS REVENUE	5501	0
Operation and Maintenance Expense	34813	0
Depreciation Expense	46762	0
Taxes Other Than Income	0	0
Income Taxes	0	0
Deferred Federal Income Taxes	0	0
Deferred State Income Taxes	0	0
TOTAL OPERATING EXPENSE	81575	0
NET OPERATING INCOME (LOSS)	(76074)	0
Other Income:		
Non-Utility Income	0	0
Other Deductions:		
Non-Utility Expenses	0	0
Interest Expense	52618	0
NET INCOME (LOSS)	(128692)	0

COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant In Service	1501714	0
Accumulated Depreciation and Amortization	46762	0
Net Utility Plant		
Cash	557	0
Customer Account Receivable	563	0
Other Assets (Specify)		
prepaid expenses	81	0
Total Assets	1456153	0
Liabilities an Capital:		
Common Stock Issued	1000	0
Preferred Stock Issued	0	0
Other Paid In Capital	0	0
Retained Earnings	(128692)	0
Proprietary Capital	0	0
Total Capital		
Long Term Debt	1572600	0
Accounts Payable	11245	0
Notes Payable	0	0
Customer Deposits	0	0
Accrued Taxes	0	0
Other Liabilities (Specify)	0	0
Advances for Construction	0	0
Contributions In Aid Of Construction	0	0
Total Liabilities and Capital	1456153	0

Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year	Previous Year
Balance First of Year	0	0
Credits During Year	46762	0
Accruals Charged to Depreciation Account	0	0
Salvage	0	0
Other Credits (Specify)	0	0
Total Credits	46762	0
Debits During Year:	0	0
Book Cost of Plant Retired	0	0
Cost of Removal	0	0
Other Debits (Specify)	0	0
Balance End of Year	46762	0

CONTRIBUTIONS IN AID OF CONSTRUCTION

Report below all contractor and developer agreements and line extension agreements from which cash or property was received during the year	Indicate "Cash or Property"	Amount
	0	
Total During Year	0	0

ACCUMULATED DEFERRED INCOME TAXES

Description	Total
Accumulated Deferred Income Taxes:	
Federal	0
State	0
Total Accumulated Deferred Income Taxes	0

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	1	0
Shares authorized	1000	0
Shares issued and outstanding	1000	0
Total par value of stock issued	1000	0
Dividends declared per share for year	0	0

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year	0	0
Changes during year (Specify): 2004 net loss	0	(128692)
Balance end of year	0	(128692)

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year	0	0
Changes during year (specify):	0	0
Balance end of year	0	0

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
Revolving loan not to exceed \$2 million	prime	int only	1572600
term 3 1 04 to 3 1 09	+ 1%		
no collateral			
Total			1572600

WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization	0	0	0	0
302	Franchises	0	0	0	0
303	Land & Land Rights	0	11577	0	11577
304	Structures and Improvements	0	0	0	0
305	Collecting and Impounding Reservoirs	0	0	0	0
306	Lake River and Other Intakes	0	0	0	0
307	Wells and Springs	0	575875	0	575875
308	Infiltration Galleries and Tunnels	0	0	0	0
309	Supply Mains	0	0	0	0
310	Power Generation Equipment	0	0	0	0
311	Pumping Equipment	0	195027	0	195027
320	Water Treatment Equipment	0	0	0	0
330	Distribution Reservoirs and Standpipes	0	0	0	0
331	Transmission and Distribution Mains	0	415678	0	415678
333	Services	0	0	0	0
334	Meters and Meter Installations	0	19527	0	19527
335	Hydrants	0	37664	0	37664
339	Other Plant and Miscellaneous Equipment	0	246366	0	246366
340	Office Furniture and Equipment	0	0	0	0
341	Transportation Equipment	0	0	0	0
342	Stores Equipment	0	0	0	0
343	Tools, Shop & Garage Equipment	0	0	0	0
344	Laboratory Equipment	0	0	0	0
345	Power Operated Equipment	0	0	0	0
346	Communication Equipment	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0
348	Other Tangible Plant	0	0	0	0
	Total Water Plant	0	1501714	0	1501714

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR	DEBITS	CREDITS	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
304	Structures & Improvements	10	0 %	%	0	0	338	338
305	Collecting & Impounding Reservoirs	0	0 %	0 %	0	0	0	0
306	Lake River & Other Intakes	0	0 %	0 %	0	0	0	0
307	Wells and Springs	20	0 %	%	0	0	17879	17879
308	Infiltrations Galleries & Tunnels	0	0 %	0 %	0	0	0	0
309	Supply Mains	0	0 %	0 %	0	0	0	0
310	Power Generating Equip.	0	0 %	0 %	0	0	0	0
311	Pumping Equipment	20	0 %	%	0	0	6095	6095
320	Water Treatment Equip.	0	0 %	0 %	0	0	0	0
330	Distribution Reservoirs & Standpipes	0	0 %	0 %	0	0	0	0
331	Trans. & Dist. Mains	20	0 %	%	0	0	12990	12990
333	Services	0	0 %	0 %	0	0	0	0
334	Meter & Meter Installation	20	0 %	%	0	0	584	584
335	Hydrants	20	0 %	%	0	0	1177	1177
339	Other Plant & Misc. Equip.	20	0 %	%	0	0	7699	7699
340	Office Furniture and Equipment	0	0 %	0 %	0	0	0	0
341	Transportation Equip.	0	0 %	0 %	0	0	0	0
342	Stores Equipment	0	0 %	0 %	0	0	0	0
343	Tools, Shop & Garage Equipment	0	0 %	0 %	0	0	0	0
344	Laboratory Equipment	0	0 %	0 %	0	0	0	0
345	Power Operated Equipment	0	0 %	0 %	0	0	0	0
346	Communication Equipment	0	0 %	0 %	0	0	0	0
347	Miscellaneous Equipment	0	0 %	0 %	0	0	0	0
348	Other Tangible Plant	0	0 %	0 %	0	0	0	0
Totals					0	0	76762	76762

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	0
Salaries and Wages - Officers, Directors and Majority Stockholders	0
Employee Pensions and Benefits	0
Purchased Water	0
Purchased Power	1349
Fuel For Power Production	0
Chemicals	0
Materials and Supplies	2941
Contractual Services	28139
Rents	0
Transportation Expense	0
Insurance Expense	948
Regulatory Commission Expense	0
Bad Debt Expense	0
Miscellaneous Expense	1436
Total	34813

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to \$500. or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

[illegible]

SOURCES OF WATER SUPPLY

Surface Water: River 0 Lake 0 Stream 0 Impounding Res. 0
 Ground Water: Springs No. 0 Shallow Wells No. 0 Deep Wells No. 2

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Yr.	Taken Up During Yr.	Total	Close of Year
8"	0	6900	6900	0	0	6900	6900
10"	0	1900	1900	0	0	1900	1900
12"	0	600	600	0	0	600	600
Total	0	9400	9400	0	0	9400	9400

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs 1 Capacity in Gallons 400000
 Number of Standpipes 0 Capacity in Gallons 0
 Method of Purification none

SERVICES AND METERS

Services									
1/2 in.	5/8 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.		
		18		1					
Meters									
	18		1						

NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential	0	0	0	17	0	17	17
Commercial	0	0	0	2	1	3	3
Industrial	0	0	0	0	0	0	0
Fire Hydrants	0	0	0	0	13	13	13
Governmental	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0
Total	0	0	0	19	14	33	33

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year 1050000 gals.
 Maximum Water obtained all methods during any one day 7500 gals.
 Minimum Amount of Water obtained all methods during one day 0 gals.
 Total Amount of Water passed through customers meters during year 666100 gals.
 Range of ordinary pressure on mains 50 lbs. to 90 lbs.
 Range of fire pressure in mains 40 lbs. to 80 lbs.

STATE OF MONTANA)
County of MISSOULA)

We, the undersigned, on our oath do severally say that the foregoing return the
PHANTOM HILLS WATER COMPANY, water utility, has been prepared
under our direction from the original books, papers and records of said utility and declare
the same to be a full, true and correct statement embracing all the financial transactions of
said utility during the period for which the return is made.

John A. Crowley
Shana Freeman

Subscribed and sworn to before me this 2nd day of May, 2005.

Valisa Pancake Valisa Pancake

Expires: December 5, 2007
Residing: Stevensville, MT

